BRITISH COLUMBIA SECURITIES COMMISSION

BUSINESS PLAN
2001 – 2004

April 30, 2001

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EXECUTIVE SUMMARY

Several major trends continue to affect the BCSC's planning environment:

- Technology is driving market innovation and facilitating the creation of new financial products and services.
- The distinctions among securities, banking and insurance products and services have become blurred.
- Increased competition in the securities markets is creating the need for greater regulatory efficiency.
- Retail investors are participating in the securities markets in record numbers.
- Financial markets in North America and around the world reached historically high levels last year and are currently volatile.
- Creative abuses in securities trading are continuing.

The Commission must strike a balance between protecting investors from fraudulent, abusive and unfair practices, and allowing market participants to pursue their economic interests without an excessive burden of regulation.

We have identified 6 key challenges to the attainment of our mission that we must address over the next 3 years:

1. Excessive regulatory burden on the securities market
2. Cost to the market of regulatory delays
3. Compliance by registrants
4. Continuous disclosure by reporting issuers
5. Affinity and internet investor scams
6. The need for top quality staff

SUMMARY FINANCIAL PLAN

Projections for the Planning Period

(Periods ending March 31)

Amounts in millions	Forecast 2001	2002	2003	2004
Revenue	$ 31.9	$ 27.5	$ 28.5	$ 29.8
Expenditure	23.9	27.4	29.1	30.3
Surplus	8.0	0.1	(0.6)	(0.5)
Accumulated Surpluses				
Fee Stabilization	12.0	14.0	14.0	14.0
General	14.3	12.3	11.7	11.2
Investor Education	3.4	3.5	3.5	3.6
Total Reserves	$ 29.7	$ 29.8	$ 29.2	$ 28.8

Projections include the impact of potential fee remissions for members of the Mutual Fund Dealers Association.

BUSINESS PLAN 2001 - 2004

This Business Plan consists of two components:

- The Strategic Plan included here, which addresses the major initiatives and strategies of the Commission for the 3 year period; and

- The Operating Plan by division, which outlines the Commission's action plan to effect the portion of the 2001 - 2004 Strategic Plan that will be implemented in the coming year. The Operating Plan is available upon request from the Commission.

BACKGROUND

This is the Strategic Plan of the British Columbia Securities Commission for the fiscal years ending March 31, 2002, 2003 and 2004.

The Plan has been developed by senior management and approved by the Commission. The planning process identifies and evaluates the initiatives that will address the needs of our stakeholders:

- Investors – both retail and institutional, who want to invest in fair and efficient markets;
- Issuers – who rely on the capital markets to fund growth and diversification;
- The securities industry, including self-regulatory bodies and registrants – who serve both users and suppliers of capital;
- The legislature and provincial government – to which the Commission is accountable for conducting its affairs and for administering the *Securities Act*; and
- The general public – who rely on the Commission to ensure the capital markets are fair and efficient and contribute to the economic well being of British Columbia.

Our three year Strategic Plan is renewed annually, and is submitted to Treasury Board pursuant to section 21 of the *Securities Act* and section 13 of the *Budget Transparency and Accountability Act.*

A. OUR MISSION

The mission of the British Columbia Securities Commission is to protect and promote the public interest by regulating trading in securities

(1) to ensure the securities market is fair and efficient, and warrants public confidence; and

(2) to foster a dynamic and competitive securities industry that provides investment opportunities and access to capital.

The dual mission of the Commission requires that we strike a balance between protecting investors from fraudulent, abusive and unfair practices, and allowing market participants to pursue their economic interests without an excessive burden of regulation. Effective regulation contributes to both aspects of the mission.

A market must have the confidence of investors to be dynamic and competitive. Excessive regulation would raise the cost of doing business and drive activity to other markets that have a more appropriate regulatory balance. Inadequate regulation would eventually damage investor confidence, to the detriment of the market and its participants.

The *Securities Act* establishes a basic regulatory framework with four broad objectives:

- To ensure that investors have access to the information they need to make informed investment decisions;
- To provide rules of fair play for the markets;
- To establish qualifications and standards of conduct for people registered to advise investors and to trade on their behalf; and
- To protect the integrity of the capital market and the confidence of investors.

The Act provides the Commission with a variety of powers and regulatory tools for pursuing its mission. We can establish policies to explain how we interpret the law and exercise our powers, make rules to vary or augment the requirements of the Act, grant or withhold approval of applications, and impose restrictions or penalties to protect investors from illegal or abusive conduct.

In pursuing our mission, we rely on and oversee the activities of recognized self-regulatory organizations (SROs), which play an important role in regulating the conduct of their members and listed companies.

Much of the activity in securities markets operates at a national and international level. As a result, we must cooperate with other provincial and foreign securities regulators to coordinate regulatory activity and, where appropriate, harmonize laws, rules and policies in order to promote national and international capital raising and investment. Effective cooperation depends on our ability to agree on priorities and regulatory approaches with other CSA jurisdictions.

A critical factor for the attainment of our mission is the role of informed investors in protecting themselves. We must work with other agencies to inform the public about the securities markets and their rights and responsibilities as investors.

Finally, to carry out our mission, the Commission must be an efficient and effective organization. This means that we must have a corporate environment that promotes employee satisfaction, accountability and excellence, and must focus our financial and human resources on the achievement of our strategic and operational objectives.

B. OUR CORE VALUES and ATTRIBUTES

The Commission and its staff share the following values that guide us in carrying out our responsibilities:

Excellence	We take pride in our work.
Service	We provide efficient, timely and responsive service.
Integrity	We act fairly and ethically.
Communication	We stay informed and keep others informed.
Initiative	We take responsibility for getting things done.
Teamwork	We work as a team.
Recognition	We recognize achievements.
Respect	We treat everyone with respect and dignity.

In addition to the values represented above, we are focusing on four core attributes to ensure the Commission and our staff efficiently accomplish our mission:

Drive for Results - Focus on results and achievement; hold high expectations and pushing for high levels of accomplishment.

Effective Communication - State our expectations clearly, express our ideas well, and maintain constant information flows.

Problem Solving - Think ahead and plan.

Teamwork and Cooperation - Work with each other to maximize our talents and accomplish our goals.

THE PLANNING ENVIRONMENT

The following major trends continue to affect the BCSC's planning environment:

- Technology is driving market innovation and facilitating the creation of new financial products and services.
- The distinctions among securities, banking and insurance products and services have become blurred.
- Increased competition in the securities markets is creating the need for greater regulatory efficiency.
- Retail investors are participating in the securities markets in record numbers.
- Financial markets in North America and around the world reached historically high levels last year and are currently volatile.
- Creative abuses in securities trading are continuing.

As a result of these trends, we have identified 6 key challenges for the upcoming planning cycle. In addition to completing the residual strategic objectives from the previous plan, we intend to address these challenges through our major strategic initiatives over the next 3 years.

We must also retain the flexibility to deal with emerging issues, including further stock exchange restructuring.

A. CHALLENGES

1. Excessive regulatory burden on the securities market

Globalization and the rapid change in the securities market pose a significant challenge to the BCSC and CSA. With greater opportunities for access to markets and increasing complexity, the Commission faces demands to make our regulatory system more efficient and our capital markets globally competitive, while ensuring effective protection of the investing public.

Market participants have criticized the volume and complexity of the regulations, and inflexibility in the application and interpretation of regulations and policies.

Volume of Regulations

The industry and its advisers have told us that they are overwhelmed with the accumulation of rules, regulations, policies and other instruments. In addition to the continuous emergence of new rules, many existing rules have become outdated. The criticisms emphasize the costs and difficulties industry incurs in trying to comply with regulations.

While considerable progress has been made in eliminating outdated and unnecessary instruments in the past year, much remains to be done in redrafting what remains. Systems are now in place to ensure the regular review of the relevance of rules and instruments.

Complexity of Regulations

The regulatory framework contains a myriad of rules and regulations that are often not readily accessible. Market participants have told us that it is increasingly difficult to know what the requirements are, because they are scattered around various sections of the Securities Act, rules, regulations, policies, notices and blanket orders.

In addition, many of the instruments themselves are too complicated and not easily understood. There are still significant instances where the rules or

even the basic approaches to regulation differ across jurisdictions. The result is excessively complex regulation is difficult to comply with.

Inflexibility

We have also been criticized for sometimes being rigid and bureaucratic, inflexible in our approach to new issues and in exercising our discretion.

With markets changing at an accelerating rate, we face the challenge of responding to these criticisms and addressing business needs without compromising investor protection.

2. Cost to the market of regulatory delays

Commission and CSA initiatives take too long to complete. Because of this, the market suffers in several ways.

For example:

- We try to investigate too many enforcement cases with too few people. The result is to delay the resolution of many cases.

- We work on too many policy initiatives, particularly at the CSA level. The resulting delays mean that the market is not able to benefit from updated rules and policies. In addition, when policy projects take years to complete, the approach to the problem may well change over the period, leading to even greater delays.

- We take too long to deal with applications that raise novel issues. We must be prepared to respond quickly so that stakeholders' interests are not compromised by regulatory delays.

As we increasingly handle projects and applications with our CSA counterparts, the demand for greater efficiency must be met with solutions that apply to both the Commission and CSA.

3. Lack of compliance by some registrants

Recent Commission decisions and settlements have identified the failure of some registrants to comply with their "know your client" and "gatekeeper" obligations. Reviews of registrants by the IDA, which has assumed SRO responsibilities for former VSE-member firms, suggest that the compliance systems in some firms are deficient.

Effective regulation relies heavily on the brokerage industry to be the frontline of compliance efforts. To protect investors and the reputation of the markets, we must build an effective "compliance culture" among registrants, based on:

- compliance support at the most senior levels in each firm;
- doing what is right, not whatever can be done without detection;
- not just obeying the rules but also upholding the "spirit" of the rules;
- actively cooperating with industry compliance staff, SROs and provincial regulators to identify and resolve failures to follow the rules.

4. Continuous disclosure by reporting issuers

Retail investor participation in the equity markets continues to increase. Secondary trading on Canadian stock exchanges far exceeds trading in new issues. Since technology is providing investors and their advisors greater access to new sources of information, B.C.'s capital markets rely more than ever on continuous disclosure.

The challenge is to ensure reporting issuers provide the B.C. capital markets with timely, accurate and balanced continuous disclosure.

Two areas for improvement in continuous disclosure are evident:

- A significant number of reporting issuers fail to file their annual and interim financial statements within the time period required by the legislation.

- The quality of disclosure, particularly management discussion and analysis, is generally deficient. It appears issuers are uncertain about the expected standards.

5. Affinity and Internet investor scams

Fraud artists continue to victimize investors, in old ways and new. We have identified two types of scams for priority attention: affinity scams and internet scams.

Affinity scams have caused a series of recent investor losses in BC. These scams have the following characteristics:

- The perpetrator builds a relationship of personal trust with investors, often through a group association such as religious affiliation, club membership, seminar attendance or ethnic origin.

- The perpetrator uses the relationship to solicit money for investments, usually promising extraordinary returns for projects that have very little, if any, merit.

- The perpetrator is sometimes able, because of the strength of the relationship created, to continue seeking investment money from the investors even after the failure of the original investment.

- When the Commission intervenes, the perpetrator can create a belief in the minds of the investors that we have caused the failure of an investment.

- The perpetrator may not have had any initial intention to scam investors, but over time the problem has reached such proportions

that the perpetrator must either have known that present and future investors would lose their money, or have turned a blind eye to the possibility.

In short, the perpetrator can look the investor in the eye even after the failure of the investment and convince the investor the problem was not due to any negligence or malfeasance by the perpetrator, allowing the exploitation to continue. The result for regulators is an unco-operative investor who will not report a problem and who will not willingly testify or provide relevant documents during an investigation or hearing. Getting through this barrier is difficult.

Affinity frauds have caused huge losses for thousands of investors in BC.

Our other focus is on internet scams, which have been increasing exponentially. Perpetrators use the internet to contact large numbers of potential investors and to create an illusion of substance to support old-fashioned scams. These scams are difficult for regulators to detect and investigate and require coordinated action on a national and international basis.

6. The need for top quality staff

As a result of strong demand in the financial services sector and related professional firms, and demographic changes in the employable population, we have faced acute competition for skilled professionals. Competition comes not only from the financial sector in BC but also from other securities commissions and from professional firms in the United States.

About two thirds of the Commission's budget is devoted to salaries and benefits. It is critical to our success to hire and retain top quality staff.

Over the past several years, we have improved compensation for staff to levels that are more comparable to those paid by employers with whom we compete. Nevertheless, attracting and retaining staff remains a challenge.

Losing valued staff is costly and detracts from our ability to accomplish objectives on time.

RESPONSES TO CHALLENGES

To succeed, the Commission must meet the challenges identified. For each challenge, the Commission has identified solutions in the section that follows.

Challenge 1: Excessive regulatory burden on the securities market

Some of the major criticisms made by industry and its advisers regarding the regulatory system concern the volume and complexity of the regulations, and the inflexibility of regulators.

Solutions

1. Develop and propose a common approach to regulation across CSA jurisdictions

Timing: BCSC proposal to be presented at CSA conference in May 2001.

Responsible Divisions:

Lead: Office of the Chair
Executive Director

2. Develop better website and other tools to assist industry with routine regulatory requirements.

Timing: Develop work plan by June 30, 2001.

Responsible Divisions:

Lead: Corporate Planning & Management Services
Office of the Chair
Communications
Policy and Legislation
Exemptions and Orders
Capital Markets Regulation
Corporate Finance
Communications

3. Cultivate contacts with leading, high growth industries (for example: e-commerce, hi-tech) to encourage better information exchange and dialogue with the view to understanding their business needs and being more responsive to regulatory issues affecting them.

Timing: throughout the planning period

Responsible Divisions:

Lead: Exemptions and Orders
Executive Director
Policy and Legislation
Corporate Finance
Capital Markets Regulation
Communications
Enforcement
Corporate Planning and Management Services

Carried Forward from 1999/2000

4. Streamline all published materials and develop ongoing instrument maintenance procedures.

Timing: Streamline all published materials by June 30, 2001 and develop ongoing instrument maintenance procedures by December 31, 2001

Responsible Divisions:

Lead: Office of the Chair
Policy and Legislation
Exemptions and Orders
Corporate Finance
Capital Markets Regulation
Enforcement

5. Adopt New and More Relevant Exemptions Harmonized with Alberta

Issuers are concerned about the structure of our capital raising exemptions and the differences between our exemptions and those in other jurisdictions. The Commission shares this concern and wants to ensure our exemptions are effective for investor protection purposes.

Timing: Adopt new harmonized exemptions in Alberta and British Columbia by March 31, 2002 (by June 30, 2002, if republication for comment is necessary)

Responsible Divisions:

Lead: Office of the Chair
Exemptions and Orders
Policy and Legislation
Capital Markets Regulation
Enforcement

6. Adopt Rules for Resale of Securities and Distributions Outside the Jurisdiction

Timing: Seek Commission approval to seek Ministerial approval to make the rules by April 30
Publish the rules by July 30

Responsible Division:

Lead: Exemptions and Orders

7. Adopt Plain Language

The Commission will become a leader in communicating clearly with all market participants by using plain language in all the documents it creates.

Timing: The Commission will adopt a plain language plan by April 30, 2001 and will present a plain language proposal to the CSA by May 31, 2001

Responsible Division:

Lead: Office of the Chair
Executive Director's Committee
Communications

8. Develop the Integrated Disclosure System

The Commission will work with CSA to develop a uniform and substantially streamlined disclosure and distribution model for publicly traded issuers based on the concept of integrating prospectus and continuous disclosure requirements. This alternative "integrated disclosure system" would provide reporting issuers with faster and more flexible access to public markets and investors with more comprehensive and timelier continuous disclosure.

Timing: In accordance with project plan (to be determined by CSA work group).

Responsible Division:

Lead: Policy and Legislation
Corporate Finance
Capital Markets Regulation
Enforcement
Communications

9. Harmonize Continuous Disclosure Requirements

The Commission will work with CSA to develop harmonized continuous disclosure requirements in all Canadian jurisdictions. This will address many of the problems that issuers face when they are reporting in

multiple jurisdictions and will move part way towards an integrated disclosure system by improving reporting issuers' continuous disclosure.

Timing: In accordance with project work plan (to be determined by CSA work group).

Responsible Division:
Lead: Policy and Legislation
Corporate Finance
Communications

10. Develop SEDI (Electronic Insider Reporting System)

The Commission will work with other CSA members to implement a national system to permit the electronic filing of insider reports and that will eliminate the requirement to file insider reports separately in multiple jurisdictions.

Timing: To lead the CSA steering committee and to provide analysis, feedback and recommendations in accordance with the time frames set out in the CSA work plan.

Responsible Division:
Lead: Corporate Finance
Executive Director
Policy and Legislation
Corporate Planning and Management Services

11. Develop the National Registration Database for registration

With other CSA jurisdictions, the Commission will work to create a national database of registration information. This will be accomplished by creating a system that will receive information electronically; receive

fees electronically; and provide for provincial registration by way of mutual reliance on other jurisdictions

Timing:

To establish a revised CSA project plan by May 2001 and continue implementation according to that plan.

Responsible Division:

Lead: Executive Director (Special Advisor, Registration)
Capital Markets Regulation
Policy and Legislation
Corporate Planning and Management Services

12. Develop a National Policy on Escrow

To work with other CSA members to adopt a national policy to harmonize the basis on which the regulators in all Canadian jurisdictions will exercise their discretion in the application of escrow.

Timing: To publish the national policy for comment and implementation on an interim basis by June 30, 2001.

Responsible Division:

Lead: Corporate Finance
Policy and Legislation

Success Criteria for Challenge 1

1. Achievement of the solutions within the targeted timelines.

2. Favorable industry response to the initiatives.

3. The regulatory burden is regarded by Industry (as represented by our Securities Policy Advisory Committee and our Securities Law

Advisory Committee) as having been reduced over the planning period.

Challenge 2: Cost to the market of regulatory delays

Projects take too long to complete. There is cost to the market resulting from lengthy and excessive regulatory processes.

Solutions

1. Develop a new process to expedite investigations and litigation.

Timing: throughout the planning period

Responsible Division:
Enforcement

2. Expand the use of cross-divisional work teams to focus in-house staff expertise on novel or complex applications, issues and projects

Timing: throughout the planning period.

Responsible Divisions:
Lead: Executive Director
Executive Director's Committee

3. Cultivate contacts with leading, high growth industries (for example, e-commerce and hi-tech) to encourage better information exchange and dialogue with the view to understanding their business needs and being more responsive to regulatory issues affecting them.

Timing: throughout the planning period

Responsible Divisions:

Lead: Exemptions and Orders
Policy and Legislation
Corporate Finance
Capital Markets Regulation
Communications
Corporate Planning and Management Services

4. Increase the speed with which Policy documents move from concept to adoption

In order to increase the speed with which policy documents move from concept to adoption, a number of steps need to occur:

- Limit the number of projects that each staff member is responsible for during the year; timing - implement by April 30, 2001

- prioritize new policy projects against existing projects and recommend which existing projects should be displaced; timing - quarterly

- Consider the range of possible responses (rule, policy, exemptive order, conditions of registration, etc.) and recommend which is the most appropriate response; timing - with each proposed rule

Responsible Division:

Policy and Legislation

5. *Focus on improving the timeframes for reviewing and deciding applications for discretionary relief.*

- Conduct a post application review program for local applications and applications under which BC is principal

regulator, to assess the quality of applications filed, as well as the review and management of applications.

- Consider and develop means of providing guidance to industry to improve the quality of applications filed.

Timing:

- develop and implement a post application review program by September 30.
- In conjunction with Communications, develop and recommend an industry education initiative by May 31, 2001.

Responsible Divisions:

Lead: Exemptions and Orders
Communications

Carried Forward from 1999/2000

6. Streamline rule-making procedure

The Rule Making Procedure Regulation prescribes a detailed process for making and amending rules to ensure transparency and accountability. Parts of this process make it difficult for the Commission to adopt or amend rules in a timely and efficient way, particularly in conjunction with other members of the CSA who have different rule-making processes. The Commission must simplify and streamline the rule making process.

Timing: To have the new Rule Making Procedure Regulation enacted by September 30, 2001

Responsible Divisions:

Lead: Office of the Chair
Policy and Legislation

Success Criteria for Challenge 2

A. Enforcement:

- Reduced enforcement caseload
- Reduced time to bring cases to conclusion.

B. Policy and Legislation:

- Reduced time taken to introduce new rules
- Increased use of policies and other tools versus rules
- Increased usage of a mutual reliance approach to development of policy documents

C. Exemptions and Orders:

Improved performance in the 2002 industry survey relating to quick service and turnaround time

Challenge 3: Compliance by registrants

The reputation of the British Columbia capital markets is harmed when registrants participate in inappropriate and illegal market activities, whether locally or in foreign markets. The regulatory system relies on registered firms and their registered salespeople to play an effective role as the front line of regulation. However, examinations of some firms show deficiencies in sales compliance practices.

Solutions

1. Advise registrants of our expectations. Follow up with appropriate compliance and enforcement action.

Timing: Ongoing during the planning period.

Responsible Divisions:

Lead: Executive Director (Deputy Director, Regulatory Projects)
Capital Markets Regulation
Enforcement

2. Help IDA member firms and their registered representatives:
(a) to take a more active role in developing a "compliance culture" in the brokerage industry by

- *implementing a series of presentations at certain IDA member firms, to compliance staff and registered representatives,*
- *emphasizing their "gatekeeper" responsibilities; and*
- *sending the message that the Commission is serious about improving the "compliance culture" in the brokerage industry.*

Timing: Ongoing during the planning period.

Responsible Divisions:

Lead: Capital Markets Regulation
Communications

(b) to understand their compliance behavior relative to the compliance behavior of other firms.

Timing: January 2002.

Responsible Divisions:

Lead: Capital Markets Regulation
Communications

Success Criteria for Challenge 3

A more compliant local brokerage industry as measured by:

1. a decrease in the number of significant deficiencies identified in sales compliance examinations; and

2. a decrease in the number of information requests submitted by foreign regulators and associated with the activities of the local brokerage industry.

Challenge 4: Continuous disclosure by reporting issuers

The B.C. capital market relies more than ever on continuous disclosure. Results of the Commission's CDR program indicate that the quality of disclosure, particularly MD&A needs improvement. The B.C. capital market's reliance on continuous disclosure will continue to increase as a result of the CSA proposal on IDS.

Solutions

1. Educate issuers and their advisors on the nature and extent of their disclosure requirements by:

- *Developing and distributing continuous disclosure communiqués*
- *Participating in industry education forums*
- *Distributing the CDR Report and all continuous disclosure communiqués to all CDNX issuers filing an IPO*

Timing: Distribute initial communiqué by June 30 2001 and 3 additional communiqués prior to March 31, 2002. Participate in 2 industry forums by March 31, 2002.

Responsible Divisions:

Lead: Corporate Finance
Communications

2. Develop, implement and assess enhancements to the existing comprehensive CDR reviews, including monitoring:

- *Insider trading in connection with material transactions or events*
- *Current financial statement issues*
- *Current material news releases for selected issuers*

Timing: Implement two enhancements by June 30 2001 and a third by September 30, 2001.

Responsible Divisions:
Corporate Finance

3. Increase use of compliance and enforcement action to deter deficient disclosure, where appropriate, including:

- *Putting issuers on the Commission's list of defaulting issuers*
- *Issuing cease trade orders against issuers' securities*
- *Taking compliance or enforcement action against directors and officers of non-compliant issuers.*

Timing: Ongoing - To coincide with implementation of education initiatives

Responsible Divisions:
Lead: Corporate Finance
Enforcement
Capital Markets Regulation

4. Improve compliance with financial statement filing deadlines.

- Timing: To develop and implement a plan for issuers with a December 31, 2000 year-end by April 15, 2001 with a broader plan developed and implemented by December 31, 2001.

- Responsible Division:
  Lead: Corporate Finance
  Communications

Carryovers From 1999-2000

5. Civil Liability for Continuous Disclosure

Work with Ministry staff and CSA to finalize and have the government adopt statutory amendments to provide secondary market purchasers rights to compensation if a reporting issuer makes a misrepresentation in its continuous disclosure or fails to make timely disclosure of a material change.

Timing: Develop and submit a formal Request for Legislation by May 31, 2001. Arrange meeting with legislative counsel from British Columbia and Ontario and selected members of the CSA work group within 2 months of government approval in British Columbia and Ontario to proceed with these amendments. Finalize the statutory amendments within 4 months of the later of the legislative counsel meeting and government approval to proceed on the other Securities Act amendments in order to permit the government to introduce the legislation to the legislature.

Responsible Division:
Lead: Policy and Legislation
Enforcement (litigation)

Success Criteria for Challenge 4

- Industry surveys will confirm that staff's education initiatives were effective.
- MD&A disclosure will improve continually during the planning period with the results of the CDR program demonstrating that an estimated 20% of the reporting issuers have improved the quality of their MD&A disclosure as at March 31, 2002.

- The Commission's list of issuers in default published after May 20, 2001 will demonstrate compliance has improved by 20% for issuer's with a December 31, 2000 year-end compared to the preceding year.

Challenge 5: Affinity and Internet Investor scams

Affinity and Internet investor scams have led to huge losses being suffered by investors in British Columbia.

Solutions

1. ***Build a profile of typical investors in affinity frauds. Use that information to identify those vulnerable investors earlier in an inappropriate scheme and approach them earlier. Use the profile to develop effective ways to communicate with vulnerable investors.***

Timing: Immediate, with profile in place by June 30, 2001.

Responsible Divisions:

Lead: Enforcement (Surveillance and Intelligence Unit)
Communications

2. ***Use the Enforcement Surveillance and Intelligence Unit to gather information from a variety of sources and develop liaisons with those sources.***
   a) ***Local groups:***
      i) ***Police forces***
      ii) ***Chambers of Commerce***
      iii) ***Banks and credit unions***
      iv) ***Local compliance officers in firms***

   b) ***Larger groups:***
      i) ***Canadian Bankers Association***
      ii) ***Insurance Council***
      iii) ***Financial Planning umbrella organizations.***

Timing: Immediate start, six months to set up liaisons.

Responsible Divisions:

Lead: Enforcement (Surveillance and Intelligence Unit)
Executive Director
Communications
Corporate Planning and Management Services

3. Develop an Internet surveillance body within Enforcement to participate in a permanent CSA Internet Surveillance Committee.

Timing: By April 30, 2001

Responsible Division:

Enforcement

Success Criteria for Challenge 5

- Reduced time between scam detection and firm action taken
- Smaller losses by investors on each scam
- Fewer multi-million dollar frauds

Challenge 6: The need for top quality staff

Competition for skilled professionals at every level has been acute. Most of the Commission's success depends upon the intellectual talents of its human resources. The solutions that follow will form an integral part of a well-managed human resources program.

Solutions

1. Create a program to develop career paths within the Commission.

Timing: Program underway by June 30, 2001. Career plans will be compiled for staff chosen to participate in the program by October 31, 2001 and updated on a quarterly basis subsequently.

Responsible divisions:

Lead: Corporate Planning and Management Services
Executive Director's Committee
Office of the Chair

2. Development of Cross-Functional Teams and Task Forces throughout the Commission

Top quality staff has told us that they find working in diverse, cross-functional teams to be rewarding and motivating.

Timing: throughout the planning period in conjunction with the solutions in this Business Plan

Responsible divisions:

Lead: Executive Director
Corporate Planning and Management Services
Executive Director's Committee

3. Establishment of Career exchanges, secondments and other staffing programs with industry participants (lawyers, accountants, finance professionals, SROs)

Timing: throughout the planning period. By June 30, 2001, Commission divisions will have determined the nature and extent of their participation in the program. For those that wish to participate, formal plans will be drawn up with interested members in industry by December 31, 2001.

Responsible divisions:

Lead: Corporate Planning and Management Services
Executive Director's Committee
Executive Director
Office of the Chair

4. Monitor salary levels with comparable economic sectors

Timing: Targeted groups will be selected by September 30, 2001, with a salary survey conducted October–November 2001.

Responsible division:

Lead: Corporate Planning and Management Services

5. Establish a targeted program of teamwork and leadership training for senior management staff

Timing: Throughout the planning period.

Responsible division:

Lead: Executive Director
Corporate Planning and Management Services

Carried Forward from 1999-2000

6. Targeted Training for staff

- To work with each division to identify staff that requires additional skills training, and to establish training and skills plans for the identified employees. This training will be coordinated with the Commission's succession planning process.

- To ensure Commission staff has training adequate for their career and personal aspirations, and to enhance the Commission's succession planning process.

Timing: Throughout the planning period.

Responsible divisions:

Lead: Corporate Planning and Management Services
Executive Director's Committee
Office of the Chair

Success Criteria for Challenge 6

The Commission will establish expected turnover rates in each target category. Success will be measured against these targets quarterly.

The Commission will establish standards for the success of employment competitions. These standards include:

- Numbers of 1st choice acceptances
- Response and hiring time